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AGRICULTURE AND INDUSTRY IN THE MONGOLIAN  
PEOPLE'S REPUBLIC

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## FOREWORD

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## AGRICULTURE AND INDUSTRY IN THE MONGOLIAN PEOPLE'S REPUBLIC

### PREFACE

This report presents translations of selected articles on culture and industry in the Mongolian People's Republic (MPR) which appeared in the 38th Anniversary Issue of Sovremennaya Mongoliya.

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# 1. THIRTY-EIGHTH ANNIVERSARY OF THE MONGOLIAN PEOPLE'S REPUBLIC

Following is a translation of an article by B. Lkham-buren in SOVREMENNAYA MONGOLIYA, No 7, Ulan Bator, July 1959, pages 1-4.

The eleventh of June is the day of victory of the people's revolution in Mongolia in 1921. The workers of the Mongolian People's Republic (MPR) annually observe this historic date as their great national holiday, as a joyful day to review their successes and achievements.

This 38th year after the victory of the people's revolution is especially significant. It will go down in the country's history as the year of a great breakthrough. The workers of the MPR are rightfully proud of the fact that this year they took new important strides in their movement forward, having embarked on the decisive stage of socialist construction.

The republic's most important achievement during this period was the victory gained for the cause of the socialist reorganization of agriculture, the fundamental branch of the MPR economy. While at the time of the 13th Congress of the MPRP (Mongolian People's Revolutionary Party) in March 1958 agricultural production associations comprised a mere 35% of all individual herd farms, at the present time their co-operativization has been almost completely carried out.

The cooperative movement's victory in agriculture was prepared by the whole course of construction in people's Mongolia, by the experience of the Mongolian people's many years of struggle for the transformation of their country from a feudal one to a socialist one.

Having inherited from old Mongolian a backward semi-feudal economy of nomadic piecemeal cattle-rearing, the Mongolian people under the leadership of their People's Revolutionary Party have done tremendous work for its revolutionary transformation. Cattle and estates of the large feudal lords and lamaist monasteries were confiscated and turned over to the poor and small herdsmen; the initiative of the toiling herdsmen in increasing their livestock was supported and encouraged in every way by the state, which granted them aid in organizing their mutual labor and inculcated advanced methods of cattle-breeding.

All this led to more than doubling the number of cattle in the republic by the end of the 1930's compared with the pre-revolutionary period.

During and after the Second World War, important successes were achieved in improving the utilization of animal products. Regarding the quantitative growth of cattle, however, there was no substantial change.

The most profound cause for the slow development in MPR cattle-breeding -- as the 12th Congress of the MPRP pointed out -- was the fact that cattle-breeding was almost entirely in the hands of individuals who could not provide the high rate of development characteristic of large-scale social production.

The party set the task of accelerating the rate of herdsmen co-operativization and adopted very important measures to implement this task. In recent years with help from fraternal countries, particularly the Soviet Union, the number of state farms, machine-mowing stations, and machine-cattle breeding stations has increased significantly; their technical outfitting has improved, and new boring and mining wells have been dug for arid pastures. Along with this, the state granted direct help to the agricultural associations to strengthen them organizationally and economically; it allotted them considerable means in the form of agricultural machinery, technology, cattle, etc. on favorable terms. Suffice to say that in 1958 alone, agricultural associations acquired 770 separators and 576 churns; their horse-drawn seeders doubled in 1958 as against 1957, horse-drawn rakes increased by 26% and trucks increased by 2.3 times.

Thanks to all these measures, the toiling cattle-breeding herdsmen, convinced of the advantages of collective economic forms, began last year to enter agricultural associations voluntarily and in large numbers. The success of the cooperative movement does not mean simply a quantitative growth on the associations recently created and of their membership; it means a new qualitative change has been made in our agriculture. New indices already reached this year in the field of stockraising testify to this fact. The quantity of reared livestock offspring (as of June 30) increased from 92.9% in 1957 to 94.3% in 1958 and to 95% in 1959. In 1958, in the associations the wool shorn per sheep increased by 9% compared with 1957, and milk yield per cow by 5.6%.

As organizational and economic consolidation occurs, the herdsmen's producing associations are gaining newer and newer successes in multiplying their social wealth, in increasing the profits of their members, and in the transition to a sedentary life. Every new stride forward in the cooperative movement confirms the fact that the cooperative way is the most reliable foundation for guaranteeing the herdsmen a comfortable and cultured life.

As a result of the completion of the socialist reorganization of agriculture, there has been created in our country a unified socialist economic system, embracing both town and countryside. This means that in the MPR the victory of socialist production relationships has been achieved in the entire national economy. In its turn, this is opening a still broader area for the growth of the country's productive forces.

One of the most important tasks which is to contribute to accelerating the rate of socialist construction in the MPR is the broad development of agriculture, particularly in cultivating virgin land. The three-year plan for developing the national economy and culture in 1958-61 envisaged bringing up to 300,000 hectares into our sown area by 1961. The successful accomplishment of this task will enable the country to assure its internal flour requirements through its own production by the end of the three-year plan, and to create a firm fodder base for livestock. It will also contribute to solving the problem of settling down the herdsmen, and to inculcating modern technology in agricultural production.

The Soviet Union's help in developing the virgin lands has been of inestimable value in the development of the country's agriculture. Under an agreement concluded in February 1959 with the MPR government, the Soviet government is transferring to the MPR on favorable terms 550 tractors, 350 combines, 525 seeders, and other agricultural machinery; and it is sending more than 300 agricultural specialists for 2-year tours. Soviet specialists, who have already arrived in our country this spring, are transmitting their rich workers, which is making a valuable contribution to winning the virgin lands. With the help of the Soviet Union, MPR agricultural workers have already turned up more than 100,000 hectares of virgin soil in order to increase the country's sown area by 47.6% this year as compared with last year.

Relying on the aid of fraternal socialist countries, the MPR is developing a number of very important branches of both heavy as well as light industry, conditioned by the country's economic and geographic situation. The creation in the MPR of the foundations for a native heavy industry is bound up with the tremendous material and technical aid from the Soviet Union. The USSR built and turned over to the MPR mining enterprises and petroleum drilling and refining enterprises. In recent years with the aid of the Soviet Union a new, powerful coal mine has been set up in Nalaikh and the power of the Ulan Bator TES (Thermal-Electric Station) has been considerably augmented. Along with the further expansion of the country's fuel and energy base, the USSR is granting aid for the construction of enterprises in the food industry: a confectionary plant and a milk plant in Ulan Bator and three flour mills were built and brought into production in the last two years alone.

The Chinese People's Republic (CPR) is granting great help for the industrial development of the MPR. In recent years it built and turned over to the MPR a match factory in the city of Sukhebaator, an enterprise for phosphorus products, and a soap plant in Ulan Bator. Of the enterprises built free of charge by the CPR, last year construction began on a factory producing glass articles and on Sukhetor's thermal electric station; a paper factory and a plant for producing prefabricated houses are ready to enter into production, and a woolen fabric mill and other establishments are being built.

The socialist countries of Europe are according the MPR financial and technical help in developing its industry: Czechoslovakia in the building of a factory for reworking sheepskin and in the reconstruction of a footwear factory, the GDR (German Democratic Republic) in the expansion of the state printing establishment and a meat combine, and Hungary in the construction of a fur plant.

In the course of the socialist countries' helping in the development of MPR industry, the chief purpose of their economic cooperation is achieved, namely the most rapid pulling up of the countries which had previously lagged behind, and the assurance of a high rate of general economic upsurge. Thanks to this selfless aid, Mongolia, which before the revolution possessed only backward nomadic cattle-breeding, now has already been transformed into a country with a growing national industry and a socialist agricultural system.

In the present year MPR industry took a further new stride forward. Whereas the percentage of industrial production in the whole national economy's aggregate production amounted to 41.9% in 1957, it grew to 42.5% in 1958. For this period the gross output of industrial enterprises increased by 16.1%, and the volume of manufactured output was 14.5% higher for the first quarter of 1959 than it was in the corresponding quarter last year.

The development of national industry is accompanied by growth in the ranks of workers and in their toiling activity and consciousness. Suffice it to say that in 1958 the number of workers and employees in the republic increased by 8%, and more than half of the increase in industrial output for that year was achieved as a result of the growth of labor productivity.

Socialist competition at enterprises, in which more than 93% of all workers now participate, is acquiring broader and broader scope. An entirely new form of organizing competition - the socialist labor brigades - arose at the beginning of 1959 in transportation



and industrial enterprises. At present there are more than 80 such brigades, in which our advanced workers - inspired by the experience of the communist brigades' work in the Soviet Union - are fighting to display and extend patterns of socialist consciousness in work, in studies, and in daily life.

Successes in economic building are having a fruitful influence in raising the material and cultural standard of living of the toilers. The workers' and employees' wage fund increased by 8.6% in 1958 over 1957; and the amount of grants and pensions for the populace grew 1.6 fold - including grants to mothers of large families, which grew 2 fold. In addition, the party and government adopted important measures in 1958 with the goal of further improving the populace's standard of living, measures such as increasing the pay of the lower-paid workers and employees, reducing the income tax by almost 30%, raising the state's purchasing and procurement prices for some animal products, and lowering retail prices for a number of consumer goods. As a result of these measures, purchasing power has been considerably raised. The country's retail trade turnover increased last year by 7%. The sale of such goods as automobiles, motorcycles, bicycles, washing machines, sewing machines, cameras, radios, and furniture is expanding every year.

In the 1958-59 academic year, more than 400 general schools, 15 special secondary educational establishments, and 6 institutions of higher education were in operation in the MPR. In 1958, all children of school age were enrolled at school, thanks to the growth of the school system; and the number of students in institutions of higher education and in technical secondary schools increased by 15% and 17.6% respectively.

One of the clear examples of the populace's culture is the development in the national care of public health. Throughout the republic, in 1958 as compared with 1957, the number of hospitals increased by 8%, medical centers by 4%, the number of beds in maternity hospitals by 14.3%, and childrens' creches by 17.5%.

More than 740 doctors and thousands of middle and junior medical workers are occupied in maintaining the health of the working people.

The improvement in health care is very graphically illustrated by the constant growth of the birth rate and the decline of the death rate. The net increase of the MPR populace in 1958 came to 27 per thousand.



In light of the remarkable successes achieved by the Mongolian people in their country's economic and cultural construction, prospects for our development are becoming clearer and more distinct with every passing year. The Mongolian People's Republic, with its strength now fully blossoming, confidently looks to its fine future. The path to the building of socialism is illuminated by the bright light of the all-conquering tenets of Marxism-Leninism. Steadily following along this bright path, our people are inspired by the heroic feats of the great Soviet people in the construction of communism, and by the successes and victories of all peoples who are building socialism.

The historic 21st Congress of the CPSU, which outlined the majestic program for the expanded construction of communism in the USSR, was a very great stimulus and inspiration for MPR working people, as well as for all the peoples of the socialist countries and all of progressive mankind. Realization of the Congress's Seven-Year Plan for the development of the USSR will be a decisive stage in the creation of a material and technical base for communism in the Soviet Union, will contribute to accelerating the rate of socialist construction in all the socialist countries, and thereby insure a further decisive preponderance of forces of the world socialist system over the forces of capitalism.

After discussing the results of the 21st Congress of the CPSU and drawing conclusions for the Mongolian People's Revolutionary Party (MPRP) from them, the 3rd Plenum of the MPRP, generalizing the experience gained in developing our country and outlining its immediate prospects, set the country the task of carrying out socialist construction on a broad front.

The Plenum revealed the difficulties and deficiencies encountered on the path of our forward movement; it adopted concrete measures to eliminate them, and armed the party and the people with new, important ideas and conclusions for stepping up the rate of socialist construction in our country. The decisions of the Party Central Committee's March Plenum were warmly greeted by all MPR working people, and will serve them as a guide and as a source of inspiration in successfully carrying out the program set by the Party.

Embarking on the 39th year of their free and independent existence, the Mongolian people have rallied even more closely around the Central Committee of the People's Revolutionary Party and with firm confidence in victory, have risen to struggle for a new upsurge of socialist construction in their country.

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## 2. AGRICULTURE IN THE MONGOLIAN PEOPLE'S REPUBLIC IS ON THE RISE

/Following is a translation of an article by Ts. Dembrel  
in SOVREMENNAYA MONGOLIYA, No. 7, Ulan Bator, July 1959,  
pages 5-6./

Thirty-eight years have passed since the people's revolution was victorious in Mongolia and the rule of domestic and foreign oppressors overthrown. At present our country has entered the period of expanded socialist construction. During the past historically brief period, the MPR has achieved tremendous successes in developing the national economy and culture. Sharp changes also occurred in our agriculture; large-scale collective farms of the socialist type appeared and are developing; from year to year they are consolidating themselves more and more in organizational and economic aspects.

The March Plenum of the CC MPRP (Central Committee, Mongolian People's Revolutionary Party) in 1959 noted that socialist production relationships have been victorious in the country's agriculture. The Plenum also pointed out that our task is to continue working at a rapid rate for the creation of a material-productive base for socialism, and to perfect socialist production relationships ever more. This task should be solved by means of a further, manifold development of productive forces, an expansion of industrial and agricultural output, and the augmentation and consolidation of socialist property.

Inspired by the party's historic decisions, our people are working steadily to achieve further successes in their movement forward. One of the greatest achievements in the agricultural field is the successful solution of the problems of socialist reorganization of agriculture on the basis of a conscious movement of the people's masses, and the co-operativization -- essentially completed -- of the individual herdsmen. As a result, our economy has ceased to be a narrow one and cattle-breeding has been fundamentally converted into a unified socialist economy.

We first were able to solve the problems of socialist partition ahead of schedule. Our agriculture is now completely divided into three socialist types of farmsteads: state farms (goskhozy), machine-cattle breeding stations (MCS), and agricultural associations (AA). There are 25 state farms, 42 MCS, and about 430 consolidated AA operating in the country. Other tasks set by the 3-year plan for the development of the country's national economy and culture and confirmed by the 13th Congress of the MPRP are also being successfully fulfilled. Compared with 1952 the total

number of cattle in the country grew by 2.8% in 1958, and breeding cattle by 0.2%. Livestock productivity per unit is rising. This is happening because methods of zootechnical and veterinarian science are being intensively inculcated, care and feeding of animals is improving, and large pedigree breeding has been launched. A big agricultural achievement in recent years has been the broad development of crop-raising, aimed at creating a firm fodder base for the country's animal husbandry and at satisfying the populace's flour requirements through private production.

Compared with 1952, crop area and yield per hectare increased in 1958 by 175% and 130% respectively. The recently held March Plenum of the CC MPRP, with the purpose of intensively developing crop-raising in the country, set the task of developing 300,000 hectares of virgin land during 1959-60. Our state farms and MCS are chiefly occupied with work in developing agriculture and the virgin lands. The former sown area within existing state farms was extended and 4 new grain farms were created to solve this task of such enormous state importance. In addition, measures were planned for the development of crop-raising with the aid of MCS in agricultural associations located near flour mills. Simultaneously with the sharp increase in sown area, work is being carried out on a large scale to raise the grain yield by means of strict observance to agrotechnical needs, the correct working of the soil, and the application of advanced methods of sowing, fertilizing, irrigating, etc.

In order to mechanize arduous work in the field of agriculture and cattle-breeding, modern highly productive technology is being inculcated; this exerts a decisive influence on raising labor productivity and increasing output. In the country's state farms, the processes of sowing and harvesting grain and other crops and storing hay are almost completely mechanized. The MCS serve 20 percent of the agricultural associations, giving them broad technical assistance. Furthermore, as compared with 1957, a 6.2 fold increase is planned for tractors in 1960, and the number of combines will grow 4 fold in the state farms and 9.9 fold in the stations. In the field of technical equipment, the task is set of skillfully mastering advanced machinery improving its care, and maximizing its utilization.

In connection with the country's expended socialist construction, new important tasks have been posed for agriculture. We have set ourselves the goal of transforming the country's state farms into big, high-profit socialist farms, of showing in practice the advantages of socialist economy, of heightening the advanced role of state farms in agriculture, of introducing in every way into the practices of the state farms' agricultural production the achievements of science and technology, and of sharply increasing output.

We are waging a tireless struggle for the further organizational and economic consolidation of the agricultural associations in every way, for a steady improvement in organizing labor, for the consistent application of perpetual brigades in each producing area, and for the introduction of strict socialist methods in figuring and keeping accounts. We are steadfastly striving to have all able-bodied members of the AA's without exception actively participate in social labor, unceasingly raise labor productivity, and receive pay for their work-days in accordance with socialist principles that are being consistently carried out.

The aid granted to the associations by the state is increasing, and various measures are being carried out with the goal of sharply improving MCS work in serving the AA's. Precisely in this period of sharp changes in agriculture, our party and people's government decided to convene this year the 2d republic Congress of advanced workers in MFR agricultural associations. It will sum up the victorious results of agricultural co-operativization, and will discuss problems which have significance today for transforming the AA's into big highly profitable socialist farms. Preparing to meet the forthcoming congress worthily, the members of our country's agricultural associations are working hard and are achieving new successes.

The 1958-1960 three-year plan for the development of the MFR has exceptionally great significance for successfully solving the historical task of building socialism in our country. And we have all the prerequisites and possibilities for the timely accomplishment of all the tasks we have set.

Our country's agricultural workers are highly resolved to complete the tasks of the three-year plan for the development of our economy and culture ahead of schedule, and to carry out the historical decisions of the March Plenum of our party's CC.

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### 3. CREATION AND DEVELOPMENT OF SOCIALIST INDUSTRY IN THE MONGOLIAN PEOPLE'S REPUBLIC

Following is a translation of an article by B. Surmajab in SOVREMENNAYA MONGOLIYA, No. 7, Ulan Bator, July 1959, pages 7-13.

Under the leadership of their People's Revolutionary Party, the Mongolian people are carrying out a complete transition of revolutionary reorganization from feudalism to socialism, thanks to the multifarious fraternal aid of the Soviet Union and the People's Democracies. This transitional period from feudalism to socialism has proceeded through two basic stages of socio-economic development: the democratic stage of the anti-feudal and anti-imperialist revolution (1921-1940); and the socialist stage (since 1940).

In the first stage, the MPR economy remained essentially of a single type, specializing in livestock (cattle) production. In this stage, however, profound and revolutionary socio-economic changes took place. Feudal production relations were liquidated, as was the feudal landlord class, and free, private small-scale farms developed. Foreign capital was finally forced out. Of exceptional importance was the birth and development of the socialist sector in the country's economy in branches which were completely new for Mongolia: state and co-operative industry and trade, and state transport.

The new state financial system, socialist industry, trade, transport, and state farms constituted at that time the economic foundation of the people's-democratic state. The socialist sector of the national economy which was formed at that time, and the working class to which it gave birth played an outstanding role in completing the anti-feudal, anti-imperialist revolution and in the transition to the socialist path of the country's development.

The remarkable success in the genesis and development of the socialist sector in the economy of the Mongolian people's country was due to the Soviet Union which gave enormous technical and economic aid. After solving the problems of the anti-feudal and anti-imperialist revolution, the fundamental economic tasks in the second stage of the transition period were: further rapid development of the country's productive forces; insuring the victory of socialist production relations in the country's entire economy on the basis of the uninterrupted development and consolidation of the socialist sector; the rapid development of socialist industry, transport, trade, and socialist reorganization of agriculture. MPR socialist industry, which originated in the first stage of the transition period, developed rapidly in the second stage and was transformed into the leading branch of the country's economy.

In solving the problems of socialist construction in the MPR, our party has been guided by Marxist-Leninist theory, and has followed the example and experience of socialist construction in the USSR and the People's Democracies. The MPR struggle to create socialist industry, the key position of a socialist economy, testifies to this.

V. I. Lenin taught: "The only real base...for the creation of a socialist society is one thing and one thing only. It is large industry...Without large-scale industry of high standing, one cannot even talk of socialism in general" (V. I. Lenin, Works, Vol. 32, p. 385). The Leninist tenet on socialist industry provides theoretical illumination for our policy regarding the development of industry in the transition period to socialism. The creation of socialist industry in the MPR has involved some specific differences from the course of creating socialist industry in other countries, as a result of historically-developed peculiarities in the country's economy and in the international situation.

The following circumstances had an effect on the development of MPR socialist industry: in the first place, capitalist industry had not developed in Mongolia - neither light, heavy, native, nor foreign industry. Therefore, socialist nationalization of capitalist industry did not take place in the MPR. The people's-democratic state had to build all the necessary branches of industry from scratch, State capitalism in industry also did not occur in the MPR.

The absence of capitalist industry, which could have appropriately served as a material and technical base for the new social system, did not facilitate, but complicated solving the problem of building a socialist economy, making it a more difficult and lengthier process.

As a result of this situation, the MPR had to gradually create and develop state industry, and give all kinds of support to cooperative industry. The complex process of creating state industry, made up of both heavy and light branches, as well as the food industry - this process represents MPR socialist industrialization. However, it again has its individual characteristics.

In the second place, up to the middle of the 1930's MPR social production was of a single type. The economy specialized in livestock products. Until 1940, more than 90% of the population worked in agriculture. Almost all of the country's exports were agricultural raw materials and cattle. The output of national industry composed about 15% of the country's internal trade turnover. This narrowly specialized cattle-breeding agriculture could not but affect the development of industry. In the food industry enterprises predominated which process agricultural produce: meat, milk, fats, grain, potatoes, etc. Until the 1950's, enterprises for processing



raw animal products, such as wool, skins, and hides, occupied a rather significant place in state industry. Such factors as poorly-developed transportation, a low density of population, and an insufficient working force - particularly qualified workers, engineers, and technicians - all were negatively reflected in MPR industrial development.

In the third place, a factor favoring the creation of MPR socialist industry is the presence of the world socialist economic system. The majority of MPR large-scale industrial establishments - the industrial and meat combines in Ulan Bator, big power plants, and many others - were built with the direct help of the Soviet Union. The Soviet Union has given the MPR invaluable assistance in creating a socialist industry, by granting credits on favorable terms and free economic aid, by organizing stock companies, by supplying machinery, equipment, materials, and technical data, and by sending the MPR highly-qualified workers and ITR (engineers and technicians), by teaching and preparing our cadres in educational institutions and in enterprises in the USSR. Now other People's Democracies, such as the CPR (Chinese People's Republic), Czechoslovakia, GDR (German Democratic Republic), and Hungary are granting aid for the industrialization of our country.

The process of building big state industry and its further development in the MPR can be called socialist industrialization in the sense that, as a result of it, MPR industry has become the leading branch of the national economy, and the country itself has been converted from a "purely" agricultural (cattle-breeding) one into an agricultural industrial country, and also in the sense that socialist accumulation served as the source of industrial construction. This process of MPR socialist industrialization has its distinguishing characteristics, that is, it differs, for example, from the industrialization of the USSR, MPR industrialization differs in that the nationalization of capitalist industry did not precede it, in that it is taking place in the course of a more extended period at a comparatively slow rate, and in that branches of heavy, light, and food industry are developing in parallel fashion. And it has still not begun to develop machine-building.

Nevertheless, it is indisputable that the creation of socialist industry is being carried out in the MPR, which is one of the general logical principles of the transition period from capitalism to socialism. In the MPR, socialist industry is being created as a result of the development of state and co-operative industry. MPR industry is socialist, since state industry is based on state and all-national property, and co-operative industry is based on collective property. These two forms of socialist property in industry are conditioning socialist production relations - relations of friendly co-operation and socialist mutual aid. New socialist production relations are opening broad possibilities and conditions for the development of the country's productive forces.



MPR socialist industry in the form of large-scale industry originated in the 1930's. Together with it originated the working class. In the 1930's large, modern enterprises were created, outfitted with the most modern equipment, and also electrified. These were brick and machine factories, the Irin saw mill, the industrial combine and TETs (thermal electric station) in Ulan Bator, the Khatkhyl wool-carding plant, new coal mines in Nalaikh, a woodworking plant, enterprises for building materials, and others. State industry was formed precisely on these larger enterprises, which were equipped with machine technology.

After 1940, when direct socialist construction was set as the fundamental task of the Mongolian people, MPR socialist industry grew rapidly and was transformed into the leading branch of the national economy, into the key base point in the struggle to build a new society.

Growth of MPR Gross Industrial  
Output (constant 1940 prices)

	years				
	1940	1947	1952	1957	1958
MPR gross industrial output (million tugr.)	77.0	174.5	187.0	346.6	415.0
Growth (in %)	100	226.6	242.8	455.2	538.6
<u>State Industry</u>					
Output (million tugr.)	53.7	126.5	144.8	278.2	340.1
Growth (in %)	100	235	269	518	633
Share (in %)	69.7	72.5	77.4	80.2	81.9
<u>Co-operative Industry</u>					
Output (million tugr.)	23.3	48.0	42.2	68.4	74.9
Growth (in %)	100	206	181.1	293.5	321.4
Share (in %)	30.3	27.5	22.6	19.8	18.1

This table shows that the country's gross industrial output, compared with pre-war 1940, grew by almost 5.4 times in 1958; output of state industry grew 6.3 times, and production of co-operative industry 3.2 times. The development of state industry is characterized by a higher growth rate and by an increasing share of the total output of the country's entire industry; the development of co-operative industry is characterized by a comparatively slow growth rate and the gradual lowering of its share.

MPR state industry consists of the following basic branches: extractive industries (including coal, petroleum, oil refining, and the extraction of various metals), electric power, construction,

timber, and wood-working, mechanical repair, pharmaceutical, printing, leather footwear, wool-working, textiles, and food. Such is the general picture of the scope and composition of MPR industry.

The sources of the means for industrializing the country were socialist accumulation, the savings of the working people in the form of state loans, part of the incomes from private individual peasant farms - amassed by the state through the imposition of taxes - and financial help from socialist countries in the form of long-term credits and free aid. The MPR state financial system concentrates all internal sources. The leading and central position in the MPR state financial system is occupied by the MPR state budget, which is the basic instrument for forming and distributing the centralized funds of the country's monetary resources.

Growth of State Capital Investments  
In MPR State Industry through the State  
Budget (in %)

	years		
	1948	1952	1957
State capital investments in the national economy	100	121.6	469.8
"                    "			
Including			
State capital investments in state industry	100	222.2	904.7
Their share	15.5	28.3	30

This table shows how the state, on the basis of the country's growing economic power, directs a considerable portion of state capital investment into the development of state industry. The over-all total of state capital investment in state industry is growing, as is its share of the sum total of state capital investment. In the past 10 years (1948-57) more than 240 million tugriks were appropriated for the development of state industry through the state budget alone. This comprised 30% of the sum total of state capital investments appropriated for this period in the national economy. In addition, the state appropriated thousands of millions of tugriks for the capital construction of new industrial establishments through the means granted by the USSR, the CPR, Czechoslovakia, and other countries to our country in the form of credits and grants-in-aid.

Many large industrial enterprises were built in the post-war period as a result of the growing appropriations of state capital investments in industry. The following were built with the technological and economic help of the Soviet Union: enterprises for the extraction of non-ferrous metals and petroleum, the "Nalaikha-Kapitalnaya" mine, 4 rolling mills, a confectionary plant, a milk plant, and

others. The following were or are being built with the free assistance of the Chinese People's Republic: a power station, a factory to produce prefabricated houses, brick and glass factories, a paper factory, a mill for woolen fabrics; and the construction of still other industrial establishments and power plants is planned.

Tanning and footwear enterprises are being built with the aid of Czechoslovakia, and the construction of other enterprises is also planned. The GDR and Hungary are providing fraternal help for our country's industrial construction. In connection with the growth of capital construction in industry, fixed capital in the productive sphere of state industry is also growing. In comparison with 1942, fixed capital in the productive sphere of state industry grew by 5.4 times in 1947, while state industry's gross output grew by 6.3 times in 1958 as compared with 1940. Under socialism the rate of growth in industrial output usually outstrips the rate of growth of fixed capital in production. This phenomenon is explained by the growth of labor productivity and by the preferential growth of producers' goods. Labor productivity in MPR industry is steadily rising, as the following table testifies.

Growth of Labor Productivity  
(in %)

Years	1952	1953	1954	1955	1956	1957
1. In state industry	100	105.7	110	117	129.2	141.1
2. In co-operative industry	100	103	115		157	147

The mechanization and electrification of production processes, the inculcation of new techniques and technology, and, finally, guaranteeing more rapid growth to the masses of the means of production rather than to the working force which animates these means of production - all this serves as a basic factor in raising labor productivity in MPR industry. The material conditions and prerequisites for raising labor productivity lie in the preferential growth of producers' goods output (especially tools).

Under socialism, the economic laws of the growth in labor productivity, of the development of society's productive forces, and of the preferential growth of producers' goods have been mutually conditioned in an organic fashion. Consequently, it is necessary to consider the state of producers' goods output in MPR industry, however briefly.

Growth of Producers' Goods  
Output in MPR Industry (in %)

	Years			
	1947	1952	1957	1958
Total industrial output	100	107.2	198.5	235.7
Including:				
Output of producers' goods (group A)	100	115.9	360	487
Output of consumers' goods (group B)	100	102.8	146.5	158.6

It is clear from this table that, in MPR industrial output, the output of producers' goods (group A) is growing at a faster rate than the output of consumers' goods (group B). In 1958, the total output of MPR industry exceeded the 1947 level by 2.3 fold; this included 4.8 fold for the output of producers' goods, and 1.5 fold for the output of consumers' goods. In 1958, producers' goods output (group A) came to 48.2% of the total output of MPR industry. At present, of the various branches of MPR heavy industry, it is primarily the fuel and power industry that is being extensively developed. Compared with 1940, coal output increased by more than 3 times in 1958, and electric power by more than 7 times. A start was made on developing the oil industry, thanks to the fraternal aid of the Soviet Union. New mines and power stations are being built, and the construction of a number of establishments in the fuel and power industry is planned.

Development of the fuel and power base is the focusing point for the economic policy of a people's democratic state, since without this base, modern industry, construction, transport, the entire national in particular, it is impossible even to speak of technological progress and economy cannot develop; growing labor productivity without the electrification of production processes.

The construction industry is developing at a rapid rate on the heels of the fuel and power industry, and on the latter's foundation. In the past 11 years, the output of building materials has increased by 5 times. The necessity for rapid development of the construction industry is dictated by the rapid rate of expanded socialist reproduction, and by the certain advancement of national progress. Along with the fuel and energy and construction industries, other branches of heavy industry are also developing, such as extractive and timber industries, etc.

A most important problem in the output of producers' goods industry is the problem of developing the production of various tools, the problem of developing machine-building. However, machine-building has thus far not been developed in the MPR. It usually develops on the more or less developed base of other branches of industry, such as the metal-extracting industry, the electrical industry, etc. MPR industry is very young. It began to develop in the 1930's, when an industrially developed Soviet Union already existed, upon whose industrial power our country relied. Afterwards, the world socialist economic system was formed. The existence of the world socialist economic system has allowed and is allowing us to successfully solve the task of progressing technologically, on the basis of close technological and economic mutual aid and co-operation with the socialist countries. In the presence of an international division of labor developing within this system, today it is not necessary for each of the countries to develop every branch of heavy industry in a parallel fashion. Carrying out the task of creating socialist industry, our party proceeds from the principle of mutual aid and co-operation among the countries of the socialist camp. However, it would be incorrect to assert that machine-building should not develop in the MPR. At present, by developing our socialist industry and training qualified workers and engineers, we are thereby preparing the conditions for developing new branches in the machine-building and chemical industries.

In the future, it will be thoroughly possible to proceed to the development of the chemical industry from industries now developing in the MPR, such as the wood and paper industry, oil refining, extractive industries, pharmaceuticals, and salt. In the future, it may be possible to proceed to the production of machinery and equipment, beginning with the production of simple tools and by assembling and repairing various machines. In the future, it will be necessary to expand the economy's fuel and energy base - including the coal and oil industries, to gradually cover the country with an electrical grid of a unified power system, to develop the construction industry for the growing needs of the economy, to industrialize construction, and to develop the building materials industry.

One of the urgent tasks in developing our national industry is to aim - in the near future - at having our industry succeed in processing our abundant agricultural raw materials, by expanding existing enterprises and building new ones. Large-scale socialist industry in the MPR is now an established fact. From an agricultural country, the MPR has been converted into an agricultural-industrial country.

The share of socialist industry amounts to more than 41% of the aggregate agricultural output, and is about 30% of the country's exports. Large-scale socialist industry, and the working class which has grown up in it are the leading material and social forces of socialist construction in the MPR.